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EXTRAORDINARY

PART I—Section 1

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MINISTRY OF COMMERCE AND INDUSTRY

RESOLUTION

TARIFFS

New Delhi, the 28th January, 1955

No. 32(1)T.B./54.—The Tariff Commission has submitted its report on the Caustic Soda and Bleaching Powder industry on the basis of an inquiry conducted by it under section 11 of the Tariff Commission Act, 1951.

2. The Commission has recommended the following scheme of protection:—

- (1) On the basis of the present tariff value of Rs. 28 per cwt. of caustic soda, a duty of 32·37 per cent. *ad valorem* is required to provide adequate protection to the domestic industry. However, in view of the desirability of maintaining the prices of caustic soda at a reasonable level, the existing preferential duty of 27·3 per cent. *ad valorem* on caustic soda of U.K. origin should be converted into a protective duty, the standard rate of duty being fixed in accordance with the terms of the relevant trade agreements. If at any time it is found necessary to change the tariff value, the rates of duty should be so adjusted as to restore the quantum of tariff protection afforded to the domestic industry by the present rates of duty.
- (2) The fair ex-works price for indigenous bleaching powder for 1954-56 is lower than the c.i.f. price of imported bleaching powder. Actual production of bleaching powder being, however, very low the present costs of production are very high. There is also considerable prejudice on the

part of consumers about the quality of the indigenous product. A protective duty of 15 per cent *ad valorem* should, therefore, be imposed on bleaching powder.

- (3) The protective duties recommended above should remain in force upto 31st December, 1958.

3. Government accept the above recommendations and will take steps to implement them as far as possible. As regards (2), the existing tariff item 28(1) covers both bleaching powder and bleaching paste. The Commission has subsequently clarified that the protective duty to be levied on bleaching powder should also apply to bleaching paste. Government accept this clarification and will take necessary steps to give effect to it.

4. The Commission has made the following ancillary recommendations:—

- (a) The domestic production of caustic soda is sufficient to meet only 35 per cent of the domestic requirements at present. The industry will, therefore, have to expand considerably before the country can become self-sufficient in respect of this essential material. Nearly 90 per cent of the present production of caustic soda is by the electrolytic process. The scope for expansion of the electrolytic section, however, is severely restricted owing to the relatively small demand for chlorine. The alternative process of causticisation is free from this drawback, but is at present uneconomical because of the high cost of indigenous soda ash. In order that production of caustic soda by causticisation may become economical, Government should formulate and put into effect as early as possible an integrated plan for expanding the production of both soda ash and caustic soda.
- (b) Government should keep a careful watch over the prices of caustic soda (both solid and liquid) and bleaching powder and, if necessary, take suitable measures under the Industries (Development and Regulation) Act to regulate them.
- (c) The railway and coastal freights on caustic soda and chlorine products, particularly hydrochloric acid, should be reviewed, in order to minimise the burden on the consumer and also to assist the fuller utilisation of chlorine which is vital to the development of the electrolytic section of the caustic soda industry. The industry should also be provided with adequate transport facilities for its raw materials and finished products.
- (d) The industry should be granted a rebate on the salt cess. The industry's requests for this and other similar concessions should be considered, not only from the angle of the present capacity of the industry to bear the burden but from the point of view of the desirability of minimising the burden on the consumer and of encouraging a rapid expansion of the industry so as to shorten the period for which it may need State assistance.

- (e) In order to encourage exports of liquid chlorine, empty cylinders provided by foreign buyers should be permitted to be brought into the country without payment of duty on condition that they will be re-exported within a specified period.
- (f) The industry should be given additional assistance by means of import control, so long as such control is in any case maintained for balance of payments reasons.
- (g) The Government of Madras should give special consideration to the requirements of the Mettur Chemical and Industrial Corporation for electric power.
- (h) Government should take special measures to encourage the development of industries which require large quantities of chlorine.
- (i) Transport of liquid chlorine over long distances is difficult and expensive and hence before allowing any new electrolytic plant to be set up in any region, due regard should be paid to the supply and demand position of chlorine in that region.
- (j) Government should examine the scheme of Tata Chemicals for manufacture of caustic soda from imported Magadi ash.
- (k) The industry should be given all possible assistance in starting the production of high test hypochlorite.
- (l) The question of installing washing plants at the Sambhar Salt Works should be given early consideration.
- (m) It appears that the declared value per cwt. of caustic soda as recorded in the import statistics is higher than the c.i.f. value reported to us by the principal importers. The Collectors of Customs should examine the reasons for this discrepancy.
- (n) The c.i.f. prices charged by I.C.I. (India) Ltd., for caustic soda and bleaching powder imported through them by consumers against actual user licences are higher than those at which these materials are imported by I.C.I. (India) Ltd., themselves. Government's attention is drawn to this fact in order that the profits accruing to the I.C.I. (India) Ltd., from imports of caustic soda and bleaching powder may be accurately determined.
- (o) The manufacturers of electrolytic caustic soda should intensify their efforts to develop new uses for chlorine.
- (p) The Alkali and Chemical Corporation should try to utilise their full capacity for the manufacture of benzene hexachloride.
- (q) The manufacturers should examine the suitability of salt produced at Kandla for production of caustic soda.
- (r) The manufacturers should take suitable steps to remove the defects pointed out by consumers in the quality and packing of their caustic soda.

- (s) The manufacturers should continue to make further efforts to improve the strength and stability of their bleaching powder.

5. Government have taken note of the recommendations at (a) to (c) and (f) to (n) and propose to pursue these suggestions further. Recommendations (d) and (e) are under examination.

6. The attention of the industry is drawn to recommendations (o) to (s).

K. B. LALL, Jt. Secy

NOTIFICATION

TARIFFS

New Delhi, the 28th January, 1955

No. 32(1)-T.B./54.—In exercise of the powers conferred by sub-section (1) of section 3A of the Indian Tariff Act, 1934 (XXXII of 1934), as in force in India and as applied to the State of Pondicherry, the Central Government hereby directs that, with immediate effect, there shall be levied on the articles specified in column (1) of the Table hereto annexed when imported into India or into the State of Pondicherry the duties of customs specified in the corresponding entry in column (2) thereof.

THE TABLE

Name of article	Duty of customs [inclusive of the duty leviable under sub-section (1) of section 2 of the Indian Tariff Act, 1934, and any additional duty leviable under any other law for the time being in force].
(1)	(2)
Soda, caustic—	
(a) if of the United Kingdom or British colonial origin	27·3 per cent. <i>ad valorem</i> .
(b) if not of the United Kingdom or British Colonial origin	37·3 per cent. <i>ad valorem</i>
Bleaching paste and Bleaching powder	15 per cent. <i>ad valorem</i> .

P. GOVINDAN NAIR, Jt. Secy.